



## News Release

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**CERTAIN DISASTER RELIEF PAYMENTS ARE TAX-FREE**

WASHINGTON – The Internal Revenue Service today issued guidance holding that individuals who are disaster victims will generally not have to pay taxes on assistance payments they receive.

Taxpayers in a Presidentially declared disaster area who receive grants from state programs, charitable organizations or employers to cover medical, transportation, or temporary housing expenses do not include these grants in their income.

The Victims of Terrorism Tax Relief Act of 2001 added Section 139 to the Internal Revenue Code, excluding from income qualified disaster relief payments to individuals. Today's ruling explains how that and other tax law sections apply in hypothetical disaster situations.

Revenue Ruling 2003-12 will appear in Internal Revenue Bulletin 2003-3, dated January 21, 2003.

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